

**FRIENDS OF HILLTOP ARBORETUM, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**

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# DAIGREPOINT & BRIAN

*A Professional Accounting Corporation*

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Friends of Hilltop Arboretum, Inc.

We have audited the accompanying statements of financial position of the Friends of Hilltop Arboretum, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities and changes in net assets, statements of functional expenses and statements of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Friends of Hilltop Arboretum, Inc. as of December 31, 2011 and 2010, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Baton Rouge, Louisiana  
June 30, 2012

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 303,876	\$ 189,155
Grants receivable	-	79,514
Other receivable	-	2,324
Inventory	18,259	19,545
Other current assets	<u>273</u>	<u>50</u>
Total current assets	<u>322,408</u>	<u>290,588</u>
<u>Property and Equipment</u>		
Furniture and fixtures	44,073	43,323
Accumulated depreciation	<u>(40,760)</u>	<u>(38,811)</u>
Total property and equipment	<u>3,313</u>	<u>4,512</u>
Total Assets	<u>\$ 325,721</u>	<u>\$ 295,100</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 47,515	\$ 48,574
Other current liabilities	<u>11,740</u>	<u>2,950</u>
Total current liabilities	<u>59,255</u>	<u>51,524</u>
<u>Net Assets</u>		
Unrestricted	219,810	186,929
Unrestricted -- board designated	<u>17,480</u>	<u>17,480</u>
Total unrestricted	237,290	204,409
Temporarily restricted	<u>29,176</u>	<u>39,167</u>
Total net assets	<u>266,466</u>	<u>243,576</u>
Total Liabilities and Net Assets	<u>\$ 325,721</u>	<u>\$ 295,100</u>

See accompanying notes and independent auditors' report.

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Donations	\$ 16,486	\$ -	\$ 16,486
Garden tours	23,248	-	23,248
Gift shop	7,722	-	7,722
Hodge Podge	21,944	-	21,944
Interest and dividends	28	-	28
Memberships	21,615	-	21,615
Miscellaneous programs	49,249	-	49,249
Plant Fest	33,617	-	33,617
Trip income	21,755	-	21,755
Net assets released from restrictions	9,991	(9,991)	-
Total Revenues	\$ 205,655	\$ (9,991)	\$ 195,664
<u>Expenses</u>			
Program service	\$ 109,497	\$ -	\$ 109,497
Supporting service:			
General and administrative	58,778	-	58,778
Fundraising	4,499	-	4,499
Total Expenses	172,774	-	172,774
Change in net assets	32,881	(9,991)	22,890
Net Assets - beginning of year	204,409	39,167	243,576
Net Assets - end of year	<u>\$ 237,290</u>	<u>\$ 29,176</u>	<u>\$ 266,466</u>

See accompanying notes and independent auditors' report.

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Campaign contributions	\$ -	\$ 39,285	\$ 39,285
Donations	39,027	-	39,027
Garden tours	18,888	-	18,888
Gift shop	12,860	-	12,860
Hodge Podge	19,767	-	19,767
Interest and dividends	72	-	72
Memberships	30,345	-	30,345
Miscellaneous programs	136,983	-	136,983
Plant Fest	34,334	-	34,334
Trip income	14,095	-	14,095
Net assets released from restrictions	50,345	(50,345)	-
Total Revenues	\$ 356,716	\$ (11,060)	\$ 345,656
<u>Expenses</u>			
Program service	\$ 249,761	\$ -	\$ 249,761
Supporting service:			
General and administrative	64,947	-	64,947
Fundraising	<u>5,739</u>	<u>-</u>	<u>5,739</u>
Total Expenses	320,447	-	320,447
Change in net assets	36,269	(11,060)	25,209
Net Assets - beginning of year	<u>168,140</u>	<u>50,227</u>	<u>218,367</u>
Net Assets - end of year	<u>\$ 204,409</u>	<u>\$ 39,167</u>	<u>\$ 243,576</u>

See accompanying notes and independent auditors' report.

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contract labor	\$ 1,353	\$ 1,985	\$ -	\$ 3,338
Depreciation	790	1,159	-	1,949
Dues	92	135	-	227
Garden tours	1,579	-	-	1,579
Gift shop	3,570	-	-	3,570
Hodge Podge	5,497	-	-	5,497
Insurance	1,721	2,525	-	4,246
Legal and professional	2,438	3,576	-	6,014
Miscellaneous	1,749	2,566	-	4,315
Office supplies	1,501	2,202	-	3,703
Payroll taxes	902	1,324	213	2,439
Plant Fest	16,440	-	-	16,440
Postage	342	502	-	844
Printing	644	945	-	1,589
Program expense	25,841	-	-	25,841
Salaries	18,137	26,604	4,286	49,027
Security	148	217	-	365
Site grant expense	456	-	-	456
Site improvements	8,557	12,551	-	21,108
Telephone	1,619	2,375	-	3,994
Travel and meetings	77	112	-	189
Trips	16,044	-	-	16,044
	<u>\$ 109,497</u>	<u>\$ 58,778</u>	<u>\$ 4,499</u>	<u>\$ 172,774</u>

See accompanying notes and independent auditors' report.

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Capital campaign	\$ -	\$ -	\$ 1,234	\$ 1,234
Contract labor	1,879	2,651	-	4,530
Depreciation	1,021	1,440	-	2,461
Donations	56,418	-	-	56,418
Dues	62	88	-	150
Garden tours	2,195	-	-	2,195
Gift shop	8,667	-	-	8,667
Hodge Podge	7,137	-	-	7,137
Insurance	1,859	2,623	-	4,482
Legal and professional	2,293	3,235	-	5,528
Miscellaneous	108	153	-	261
Office supplies	1,282	1,808	-	3,090
Payroll taxes	813	1,148	205	2,166
Plant Fest	13,837	-	-	13,837
Postage	470	664	-	1,134
Printing	1,329	1,875	-	3,204
Program expense	24,379	-	-	24,379
Salaries	17,097	24,125	4,300	45,522
Security	126	178	-	304
Site grant expense	80,887	-	-	80,887
Site improvements	15,541	21,931	-	37,472
Telephone	1,497	2,113	-	3,610
Travel and meetings	649	915	-	1,564
Trips	10,215	-	-	10,215
	<u>\$ 249,761</u>	<u>\$ 64,947</u>	<u>\$ 5,739</u>	<u>\$ 320,447</u>

See accompanying notes and independent auditors' report.



**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 22,890	\$ 25,209
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,949	2,461
Decrease in pledges receivable	2,324	5,337
(Increase) decrease in grants receivable	79,514	(69,483)
(Increase) decrease in inventories	1,286	(97)
Decrease in accrued interest	-	350
(Increase) decrease in other assets	(219)	1,669
Increase in accounts payable and other liabilities	<u>7,727</u>	<u>30,254</u>
Net cash provided by (used in) operating activities	115,471	(4,300)
 <u>Cash Flows From Investing Activities</u>		
Cash proceeds from sale of investments	-	25,000
Cash payments for the purchase of property	<u>(750)</u>	<u>-</u>
Net cash provided by (used in) investing activities	(750)	25,000
 Increase in cash and cash equivalents	114,721	20,700
Cash and cash equivalents, beginning of year	<u>189,155</u>	<u>168,455</u>
Cash and cash equivalents, end of year	<u>\$ 303,876</u>	<u>\$ 189,155</u>

See accompanying notes and independent auditors' report.

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**1. Summary of Significant Accounting Policies**

*Organization*

Friends of Hilltop Arboretum, Inc. (Friends) is a nonprofit organization located in Baton Rouge, Louisiana devoted to the preservation and development of Hilltop as a complete arboretum of native southern trees, shrubs, and wildflowers and encourages its free and effective use by the community.

*Net Assets*

Friends reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions.

*Functional Expenses*

Friends allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

*Basis of Accounting*

The current year financial statements of Friends have been prepared on the accrual basis of accounting according to accounting principles generally accepted in the United States of America. Accordingly, all significant receivables, payables and other liabilities are reflected in the financial statements.

*Cash Equivalents*

Friends considers all highly liquid investments, including money market funds and investments with a maturity of three months or less, to be cash equivalents.

*Donated services*

Unpaid board members and volunteers conduct a significant portion of Friends' functions. The value of this contributed time is not reflected in the accompanying financial statements since the service performed does not meet the criteria necessary for recognition.

*Subsequent Events*

Friends has evaluated subsequent events through June 30, 2012 the date the financial statements were available to be issued, for recording and disclosure.

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**1. Summary of Significant Accounting Policies – Continued**

*Promises to Give*

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Income Taxes*

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files information returns in the U.S. federal jurisdiction and in various other states. The Organization is no longer subject to federal information return examinations by tax authorities for years before 2009.

*Property and equipment*

Friends' property and equipment are recorded at cost. Depreciation is computed using the straight line method over the useful life of the asset.

*Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

*Inventories*

Inventories are stated at the lower of cost or market value. Cost is determined by the specific identification method.

*Advertising*

Friends expenses all advertising costs as incurred.

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**2. Concentrations**

Friends maintains cash balances in banks that are insured by FDIC insurable limits and also maintains cash accounts with investment brokers that are insured by SIPC insurable limits. At December 31, 2011 Friends had cash in the amount of \$294,862 in one bank which was in excess of the FDIC insured limits of \$250,000 by \$44,862. Cash held with investment brokers did not exceed SIPC insured limits. Management periodically evaluates the integrity of the entities that hold Friends' cash and investments.

**3. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Production and distribution of Native Plant Guide	\$ 2,922	\$ 2,922
Ravine construction	1,769	11,760
Facility construction	<u>24,485</u>	<u>24,485</u>
	<u>\$ 29,176</u>	<u>\$ 39,167</u>

**4. Board Restricted Net Assets**

Unrestricted net assets have been restricted by the board of directors for the following purposes:

	<u>2011</u>	<u>2010</u>
Ravine construction	\$ 7,480	\$ 7,480
Frontage expenses	<u>10,000</u>	<u>10,000</u>
	<u>\$ 17,480</u>	<u>\$ 17,480</u>

**5. Donations**

In prior years, Friends held various capital campaigns and solicited donations for the purpose of building a new facility on the grounds of the Hilltop Arboretum. In 2011 and 2010 Friends donated \$0 and \$50,000, respectively, in funds raised under the capital campaign to the LSU Foundation. Construction on the new facility has yet to begin. The LSU Foundation will be responsible for constructing the facility and will retain ownership when the project is complete.

**6. Site Grant Income and Expense**

In a prior year Friends applied for a grant through the Recreational Trails Program of the State of Louisiana. The grant is for various site improvements to the Hilltop Arboretum property, which is owned by LSU, and is reimbursable as Friends makes the improvements. The grant contains a matching component as well, which was met in a prior year.

In 2010, Friends incurred costs in the amount of \$80,887 for various improvements to the grounds of Hilltop. Of this amount, \$79,514 was submitted to the grantor for reimbursement and was included in grants receivable and revenue for 2010. The difference of \$1,373 was for costs not reimbursable under the grant. In 2011 \$456 in expenses were incurred for the use of an intern.

**FRIENDS OF HILLTOP ARBORETUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**7. Site Improvements**

During the year Friends incurred the following costs for improvements to the arboretum grounds owned by LSU.

Ravine studies and improvements	\$ 9,991
Pond design and planting	3,754
Signage for gates and trees	<u>1,761</u>
	<u>\$ 15,506</u>

**8. Grant Income**

During the year Friends had grant income from the following sources:

Baton Rouge Area Foundation	\$ 1,000
Louisiana Office of Forestry	8,000
Junior League of Baton Rouge	<u>7,834</u>
	<u>\$ 16,834</u>

These grants are included in the statement of activities under miscellaneous programs.

**9. Reclassification**

Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation.